



LEGISLATIVE UPDATE

August 1, 2014

The major event of the week was the release of the budget conference report, [SB 744](#), Appropriations Act of 2014, which the Senate passed Friday morning, and the House will likely pass on Saturday morning. This final budget legislation will then go to the Governor's office for review and action. Earlier this week, Senate President Pro Tempore Phil Berger and House Speaker Thom Tillis held a joint press conference to announce the details of the budget plan, a video of which can be seen here:

<http://www.wral.com/news/state/nccapitol/video/13850394/>.

The budget agreement would provide teachers with an *average* 7% raise. Legislators have indicated that the proposed raise would move North Carolina from 46th to 32nd or higher in national teacher pay rankings. The budget plan would replace the current teacher salary schedule with a more simplified 6-step schedule:

2014-15 Proposed Teacher Salary Schedule

Years of Experience	Teacher Pay/Month
0-4	\$3,300
5-9	\$3,650
10-14	\$4,000
15-19	\$4,350
20-24	\$4,650
25+	\$5,000

For more information on the proposed budget's salary schedule changes, please see:

<http://www.ncpublicschools.org/docs/fbs/salprovsummary.pdf>. Additionally, for further analysis of the proposed final budget and special provisions, please see the Financial and Business Services Division link: <http://www.ncpublicschools.org/fbs/>.

The proposed budget includes the following provisions (not an exhaustive list):

1. Defines what can be included in the Annual Base Budget ("Continuation" Budget). Under this revised language, student population (or Average Daily Membership (ADM)) increases over the prior year will no longer be included in the Continuation Budget. This would mean that school districts and charters that are expected to have a student population increase would not be included in the Planning Allotments. Funding for the student growth would have to compete with salary increases and other priorities in the Expansion Budget. Conceivably, a school district or charter school would not know until July or August whether its expected increase of students in that school year would be funded, due to the normal timing of a state budget adoption.
2. Provides funds for salary schedule changes and an experience-based step for step-eligible school-based administrators. An administrator not receiving an increase

based on the new schedule would receive a salary and benefits increase of \$1,000 (\$809 salary increase).

3. Provides a \$618 salary and benefits increase (\$500 salary increase) to permanent full-time non-certified and central office personnel.
4. Decreases class size by one student in Kindergarten and one student in 1st Grade. The new Kindergarten allotment ratio would be 1:18 (teacher:student), an increase in 359 teaching positions. The new 1st grade allotment ratio would be 1:17, an increase of 402 positions. Retains the 2nd grade and 3rd grade allotment ratio at 1:17.
5. Reduces the teacher assistant allotment by approximately \$105 million, compared to what was already in place for 2014-15. This allotment is \$85 million less than the 2013-14 allotment. Continues to allocate funding on the basis of student headcount in grades K-3. Approximately \$368 million would remain in the teacher assistant allotment from a combination of General Fund and Lottery sources.
6. Funds six (6) additional Cooperative and Innovative High Schools: one STEM Early College and two Middle Colleges in Mecklenburg County, Young Men's and Young Women's Academy in Wake County, and the Buncombe Discovery Academy in Buncombe County.
7. Increases General Fund support for textbooks; however, textbook funding remains \$80 million below the required level.
8. Provides support for selected LEAs to develop differentiated pay approaches for classroom teachers based on a teacher's demonstrated effectiveness, teaching in hard-to-staff areas, and additional responsibilities in advanced roles.
9. Provides new state funds to support costs related to the education of children in private psychiatric residential treatment facilities (PRTFs) with oversight by DPI and DHHS.
10. Reduces the DPI budget by 10% (\$5,026,050).
11. Eliminates the General Fund appropriation supporting the Teaching Fellows program.
12. Extends the deadline for the first annual A-F School Performance Grades to "no earlier than January 15, 2015."
13. Requires that schools maintain at least two (2) Epinephrine injectors (Epi-pens) onsite to be used in acute allergic reactions, effective November 1, 2014.
14. Eliminates Driver Education funding beginning the 2015-16 fiscal year.
15. Provides funding to restore master's, advanced, and doctoral degree pay for certain eligible personnel. Extends the date by which advanced coursework must have been initiated to August 1, 2013.
16. Provides recurring funds to the North Carolina Center for the Advancement of Teaching (NCCAT).
17. Establishes a pilot program to authorize the operation of two (2) virtual charter schools serving students in Kindergarten through Grade 12.

For the budget special provisions, click [here](#). For the money report, click [here](#).

Relevant Bills with Action This Week:

[HB 369](#) Criminal Law Changes

- House failed to concur with the Senate Committee Substitute
- To see the conferees, click here: [Conference Committee Appointed](#)

[HB 884](#) Dropout Prevention/Recovery Pilot Charter School

HB 884 would require SBE to establish a two-year Dropout Prevention and Recovery Pilot Program with one alternative charter school. The purpose of the pilot program would be to re-engage students and increase high school graduation rates through an educational program that provides flexible scheduling and a blended learning environment with individualized and self-paced learning options. To be eligible to participate in the pilot program, the charter school's enrollment would only include students who have dropped out of high school or who have transferred from their high school to the alternative charter school. This bill has now passed both Chambers and was presented to the Governor on Thursday.

[HB 1133](#) Technical and Other Corrections

This is the technical changes bill (67 pages) that ostensibly addresses prior Session Law requiring minor or clarifying changes. After numerous amendments both in Committee and on the Senate floor this week, the Senate passed the bill on Wednesday. Relevant amendments include the following:

1. Removed the provision prohibiting SBE from restricting charter school board membership.
2. Removed the provision allowing teachers to use data systems other than the state student information management system to document student performance.

Ultimately, the House adopted the revised bill on Friday.

[HB 1181](#) North Carolina Medicaid Modernization

- House failed to concur with Senate Committee Substitute

[HB 1193](#) Retirement Technical Corrections Act of 2014

- Signed by the Governor on Friday, August 1, 2014
- SL 2014-97

[HB 1194](#) Retirement Administrative Changes Act of 2014

- Passed the Senate on Monday, July 28
- Ratified and presented to the Governor on Thursday, July 31

[HB 1195](#) Fiscal Integrity/Pension-Spiking Prevention

- Signed by Governor on Wednesday, July 30
- SL 2014-88

[HB 1224](#) Local Sales Tax Options/Economic Development Changes

This controversial bill, dealing with restrictions/flexibility on local sales tax revenues and local spending on education (among other things), was re-referred to the House Rules Committee. No further action is anticipated on this bill this Session.

[SB 884](#) 2014 President Pro Tempore's Appointments

This bill would appoint a host of individuals to various boards and commissions. For purposes of the Charter School Advisory Board, it would appoint Sherry T. Reeves (Pamlico County) for a term expiring on June 30, 2015, to fill the unexpired term of Baker A. Mitchell; and Phyllis P. Gibbs (Guilford County) for a term expiring on June 30, 2017, to fill the unexpired term of Paul Norcross.

- Favorable report from the Committee on Rules and Operations of the Senate
- Passed the Senate on July 31, 2014, Special Message sent to the House

SB 881 Adjournment

SB 881 is a joint resolution providing for adjourning the 2013 Regular Session of the General Assembly. The resolution provides that when the Senate and the House adjourn on Saturday, August 2, 2014, they would stand adjourned to reconvene on Thursday, August 14, 2014. During the Regular Session that convenes August 14, only the following matters could be considered:

1. Bills vetoed by the Governor;
2. Bills relating to state litigation; and
3. General Assembly appointments.

The adjournment resolution also provides for another return on Monday, November 17, 2014, but only to address the following matters:

1. Bills related to Medicaid;
2. Bills relating to state litigation;
3. Bills vetoed by the Governor;
4. Confirmations of special superior business court judges;
5. Bills relating to coal ash management;
6. General Assembly appointments; and
7. A joint resolution adjourning the 2013 Regular Session of the General Assembly *sine die* (without a date; in other words, a final adjournment for 2014).

Significantly, this resolution does not provide for the consideration of bills that are in conference (*e.g.*, SB 734, Regulatory Reform Act of 2014).

On Saturday, the House reconvenes at 9 am and the Senate at 10 am.

Rachel E. Beaulieu

Department of Public Instruction
Legislative & Community Relations Director
919-807-4035
Rachel.Beaulieu@dpi.nc.gov

Zane B. Stilwell, II

State Board of Education
Legislative Relations & Policy
919-807-4068
Zane.Stilwell@dpi.nc.gov

Loretta Peace-Bunch

Legislative Assistant
919-807-3403
Loretta.Peace-Bunch@dpi.nc.gov

Gretchen Cleevely

State Board of Education
Summer Law Clerk
919-807-3648